

BEFORE THE OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

IN THE MATTER OF THE APPLICATION OF	)	
DEJOUR ENERGY (USA) CORP. FOR AN	)	
ORDER ESTABLISHING SPACING AND	)	
WELL LOCATION RULES FOR THE	)	
WILLIAMS FORK AND ILES FORMATIONS	)	Cause No. 513
OF THE MESAVERDE GROUP FOR	)	Docket No. _____
CERTAIN DESCRIBED LANDS IN GARFIELD	)	
COUNTY, COLORADO	)	

APPLICATION

Dejour Energy (USA) Corp. (“Applicant”), by and through its attorneys, Beatty & Wozniak, P.C., respectfully submits this Application to the Oil and Gas Conservation Commission of the State of Colorado (the “Commission”) for an order establishing field rules applicable to the drilling and producing of wells from the Williams Fork Formation and Iles Formation of the Mesaverde Group covering certain described lands in Garfield County, Colorado and in support of its Application states and alleges as follows:

- 1. Applicant is a corporation duly authorized to conduct business in the State of Colorado.
- 2. Applicant owns leasehold interests or has rights to acquire leasehold interests in the Williams Fork and Iles Formations in the following described lands:

Township 6 South, Range 91 West, 6<sup>th</sup> P.M.  
Section 13: W/2SW/4  
Section 14: S/2  
Section 15: W/2NE/4, NW/4, N/2SW/4, SE/4  
Section 21: SE/4SW/4, E/2NE/4, SW/4SE/4  
Section 22: SE/4NW/4, E/2SW/4, SE/4SW/4  
Section 23: NE/4, N/2NW/4  
Section 24: NE/4NE/4, W/2NE/4, NW/4, N/2SE/4  
Section 25: SW/4SW/4, SE/4SE/4  
Section 26: S/2

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(hereafter the “Application Lands”).

- 3. That with respect to the Application Lands, such Application Lands are currently subject to Commission Rule 318.a., which requires that wells drilled in excess of two thousand five hundred feet (2,500’) in depth be located not less than six hundred feet from any lease line, and located not less than one thousand two hundred feet (1,200’) from any other producible or producing oil or gas well when drilling to the same common source of supply, unless authorized by order of the Commission upon hearing.
- 4. That to promote efficient drainage within both the Williams Fork Formation and the Iles Formation of the Mesaverde Group, the Commission should authorize ten acre downhole density drilling upon the Application Lands for the Williams Fork and Iles Formations.
- 5. That as to all future Williams Fork Formation and Iles Formation wells to be drilled upon the Application Lands, the wells should be located downhole anywhere within the Application Lands but no closer than 100 feet from the boundary or boundaries of the Application Lands without exception being granted by the Director of the Oil and Gas Conservation Commission. It is provided however that in cases where the Application Lands abuts or corners lands in respect of which the Commission has not at the time of drilling permit application granted the right to drill ten (10) acre density Williams Fork Wells, the well should be located downhole no closer than 200 feet from the boundary or boundaries of the unit so abutting or cornering such lands without exception being granted by the Director of the Oil and Gas Conservation Commission.

6. That multiple wells have been drilled to the Williams Fork in the area of the Application Lands and that other wells have been drilled to the Iles Formation in the more general area of the Application Lands. Consistent with and based upon previous orders and wells drilled on adjacent lands into the Williams Fork and Iles Formations, Applicant's proposed density and well location rules on the Application Lands will allow more efficient drainage of the Williams Fork and Iles Formations of the Mesaverde Group; will prevent waste; will not adversely effect correlative rights and will assure the greatest ultimate recovery of gas and associated hydrocarbon substances from the reservoir.

7. That the following Commission Orders have granted similar requests on the following lands adjacent to or surrounding the Application Lands:

a. Commission Order 191-8 established 10 acre density for the Williams Fork Formation on the following lands:

Township 6 South, Range 91 West, 6<sup>th</sup> P.M.  
Section 23: S/2NW/4, S/2  
Section 24: SE/4NE/4, SW/4, S/2SE/4

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b. Commission Order 191-10, established 10 acre density for the Iles Formation respectively for the following lands:

Township 6 South, Range 91 West, 6<sup>th</sup> P.M.  
Section 21: NW/4NE/4  
Section 22: NW/4NW/4, E/2NW/4, NE/4SW/4  
Section 23: S/2NW/4, S/2  
Section 24: SE/4NE/4, SW/4, S/2SE/4  
Section 25: N/2S/2, SE/4SW/4, SW/4SE/4  
Section 27: NE/4, E/2NW/4, SW/4NW/4  
Section 34: All  
Section 35: All  
Section 36: All

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c. Commission Order 191-11 established 10 acre density for the Williams Fork Formation on the following lands:

Township 6 South, Range 91 West, 6<sup>th</sup> P.M.  
Section 22: E/2  
Section 25: N/2  
Section 26: N/2  
Section 27: S/2

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d. Commission Order 513-4 established 10 acre density for both the Williams Fork and Iles Formation on the following lands:

Township 6 South, Range 91 West, 6<sup>th</sup> P.M.  
Section 13: W/2E/2, E/2SW/4  
Section 16: All  
Section 21: SE/4NW/4, SW/4NE/4, NE/4SW/4, N/2SE/4, SE/4SE/4  
Section 27: NW/4NW/4  
Section 28: NE/4NE/4

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8. That attached hereto as Exhibit B is a map of the Application Lands showing the spacing orders in paragraph 7 above.

9. Applicant commits that wells to be drilled under this Application will be drilled from the surface either vertically or directionally from no more than one pad located on a specific quarter quarter section unless exception is granted by the Director of the Commission, and that both formations will be reached from a single wellbore. In this manner, the wells will be economic as to both formations.

10. That the names and addresses of the interested parties in this Application according to the information and belief of the Applicant are set forth in Exhibit A hereto, and that Applicant will submit a Certificate of Service of this Application on each interested party within the next seven days as required by Rule 503.d.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing, that notice be given as required by law and that upon such hearing this Commission enter its order consistent with Applicant's proposals as set forth above.

Dated this \_\_\_\_ day of December, 2009.

Respectfully submitted,

DEJOUR ENERGY (USA) CORP.

By: \_\_\_\_\_  
Kenneth A. Wonstolen  
Andrew A. Bremner  
Beatty & Wozniak, P.C.  
Attorneys for Applicant  
216 16<sup>th</sup> Street, Suite 1100  
Denver, Colorado 80202  
(303) 407-4499

Applicant's Address:  
1401 17th Street, Suite 300  
Denver, CO 80202

VERIFICATION

STATE OF COLORADO                    )  
  ) ss.  
CITY & COUNTY OF DENVER         )

Neyeska Mut, EVP, Operations of Dejour Energy (USA) Corp., upon oath deposes and says that she has read the foregoing Application and that the statements contained therein are true to the best of her knowledge, information and belief.

DEJOUR ENERGY (USA) CORP.

By: \_\_\_\_\_  
Neyeska Mut

Subscribed and sworn to before me this \_\_\_\_ day of December, 2009, by Neyeska Mut of Dejour Energy (USA) Corp.

My commission expires: \_\_\_\_\_

Witness my hand and official seal.

\_\_\_\_\_  
Notary Public

[SEAL]

## EXHIBIT A

### INTERESTED PARTIES

Kent S. Jolley  
832 Canyon Creek Dr.  
Glenwood Springs, CO 81601

Brett L. Jolley  
1288 County Rd. 245  
New Castle, CO 81647

EnCana Oil and Gas (USA) Inc.  
Attention: Doug Jones  
370 17<sup>th</sup> St., Suite 1700  
Denver, CO 80202

Retamco Operating Inc.  
H.C.R. Box 1010  
Highway 212 MM86  
Roberts, MT 59070

Apollo Energy LLC  
1557 Ogden St., Suite 300  
Denver, CO 80218

Antero Resources Corporation  
Antero Resources II Corporation  
1625 17<sup>th</sup> St., 3<sup>rd</sup> Floor  
Denver, CO 80202

CJS Oil & Gas Properties LLC  
P.O. Box 206  
Flint, TX 75762

Gene R. Hilton & Mary J. Hilton  
2102 West Arapahoe Dr.  
Littleton, CO 80120-3008

Resource Enterprises, Inc.  
360 Wakara Way  
Salt Lake City, UT 84108

Kinney Oil Company  
1401 17<sup>th</sup> Street, Suite 870  
Denver, CO 80202

Bill Barrett Corporation  
1099 18<sup>th</sup> Street, Suite 2300  
Denver, CO 80202

Calpine Corporation  
717 Texas Avenue, Suite 1000  
Houston, TX 70022

Calpine Natural Gas Co.  
1000 Louisiana , Suite 800  
Houston, TX 77002

Kiva Oil & Gas, Inc.  
1100 Louisiana, Suite 3500  
Houston, TX 77002

Torch Energy Associates  
1221 Lamar, Suite 1600  
Houston, TX 77010

Timberline Energy, Inc.  
1660 17<sup>th</sup> Street, Suite 450  
Denver, CO 80202

Mobil Oil Corporation  
P. O. Box 650232  
Dallas, TX 75265-0232

Q8, LLC  
c/o Gerald M. Quiat  
1720 S. Bellaire, Penthouse Suite  
Denver, CO 80222

William H. Spires  
6894 Winona Street  
Westminster, CO 80030

Vessels Oil & Gas Company  
1050 17<sup>th</sup> Street, Suite 2000  
Denver, CO 80265

Dyad Petroleum Co.  
306 W. Wall, Suite 410  
Midland, TX 79701

Timothy Pinson  
Garfield County  
Henry Building  
144 E. 3rd Street  
Rifle, CO 81650

Meadow Ridge #3, LLC  
621 17<sup>th</sup> Street, Suite 1201  
Denver, CO 80293

Oxy USA Inc.  
P. O. Box 27757  
Houston, TX 77227-7757

Orion Energy Partners, LP  
1675 Broadway, Suite 2000  
Denver, CO 80202

Samuel Gary, Jr. & Associates  
1515 Wynkoop Street, Suite 700  
Denver, CO 80202

U. S. Agbank, FBC  
P. O. 2940  
Wichita, KS 67201-2940

Yeakel Mineral Rights Company, LP  
P. O. Box 1150  
Glenwood Springs, CO 81602

Virginia Winter Anderson  
22 E. Rockwood Drive  
Ottawa, KS 66067-3722

Bureau of Land Management  
50629 Highway 6 & 24  
Glenwood Springs, CO 81601

LeGrande Bair Ranch Company,  
a Colorado Limited Partnership  
P. O. Box 1477  
Meeker, CO 81641

James Craig Bair Ranch Company,  
a Colorado Limited Partnership  
66418 U. S. Highway 6 & 24  
Glenwood Springs, CO 81601

State of Colorado  
Division of Wildlife  
6060 Broadway  
Denver, CO 80120-1029

Colorado Department of  
Public Health & Environment  
4300 Cherry Creek Drive South  
Denver, CO 80246-1530

Judith H. Jordan  
Garfield County  
375 County Road 352, Bldg 2060  
Rifle, CO 81650-8412